

U.S. Immigrants Fuel Development

USAID will help immigrant groups in the United States target their remittances to their countries of origin for the support of local economic development projects. The Agency will work with the Pan American Development Foundation (PADF) on the effort.

In the last few years, development professionals paid more attention to the large volume of remittances sent by ethnic diasporas. Because people from developing countries have been moving to the United States in increasing numbers, more monetary support will continue to be sent.

USAID and other development agencies have concluded that they can assist immigrants providing remittances by using market-based mechanisms to reduce the cost of sending remittances, and by working with hometown associations to channel remittances to specific development projects.

Personal remittances from immigrants in the United States to the developing world reached \$18 billion in 2000. Latin America received the lion's share: \$14.5 billion. Such remittances account for 10 percent or more of the annual income of several Latin American and Caribbean countries.

While most remittances go to family members, a growing number of hometown associations are pooling these resources to use in development projects—such as building schools, funding scholarships, and improving roads and sanitation.

USAID is helping hometown associations carry out economic development activities in Haiti, El Salvador, and Mexico. USAID will provide \$300,000, while hometown associations will add \$154,000 raised through member contributions. While the leveraging in this alliance is not as robust as in most, this pilot activity represents a promising model.

The associations and PADF will work with local NGOs and private sector organizations on economic development projects. For example:

- ◆ In Haiti, revenue-generating and environmentally friendly fruit trees will be purchased and planted in Jacmel.
- ◆ In El Salvador, cooperatives will receive assistance to produce, process, and market fruit for local and export markets.
- ◆ In Mexico, partners will produce, process, and market nopal (an edible cactus) and other agricultural products.

According to Jeremy Smith, Microfinance Officer at USAID/Mexico, "Remittances offer a new and promising development model, since the projects they support are typically located in the poorest and most isolated regions in a given country." Smith added that remittances are often the most important assets in such communities.★

Parallel Trends in Number of Foreign Born and Remittances

